

Reporting of Fundraising Events - 1999

On August 5, 1999, the "Smith for Council" committee conducted a golf outing to raise campaign funds. Tickets to the event cost \$30 each. Each ticket purchaser received a sleeve of golf balls, ½ dozen golf tees, an event program and a round of golf. If the golfer wished to rent a cart, he would pay the golf club directly. The committee also sold golf hats and shirts containing the campaign logo to event participants at a cost of \$10 per hat and \$20 per shirt.

Proceeds of the golf outing were as follows: (1) 30 tickets were sold to 30 different individuals for a total of \$900; (2) 10 hats and 6 shirts were sold for a total of \$220; and (3) 8 ads were sold for the program book for a total of \$1,200. No individual purchased more than a single ticket or more than one hat and one shirt.

Golfer's Warehouse, a business entity, donated all golf balls and tees to the committee, the cumulative value of which was \$99. Golfer's Warehouse also purchased an ad in the program booklet for \$250. Jack Nicklaus is CEO of Golfer's Warehouse, which is located at 2 Mulligan Road in Branford. Sport Shirts, Inc. donated the golf shirts, the cumulative value of which was \$100, and also purchased an ad for \$250. Ralph Lauren is CEO of Sport Shirts, Inc. which is located at 30 Button Lane in Milford. Danbury Hatters Corporation (DHC) donated the golf hats, which had a cumulative value of \$70, and purchased an ad for \$250. Jane Fedora is President of DHC, which is located at One Mill Plain Road in Danbury.

Other ads for the program booklet were purchased as follows:

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| (1) | Panic Printers, Inc., 30 Copy Blvd., Hartford,
Joe Green, President | \$250. |
| (2) | Doe for Selectman, 12 Divot Path, Orange | \$ 50. |
| (3) | Teamsters Local 42, 6 Hoffa St., New Haven | \$ 50. |
| (4) | Karen Smith, 3 Pearl Street, Hartford | \$ 50. |
| (5) | Jones for Congress, One American Way, East Haven | \$ 50. |

Questions

- I. Which section of the Treasurer's "Statement of Receipts and Expenditures" (Form ED-45) must be used to report the receipts of the golf outing?
- (a) Section A. (Contributions from Small Contributors)
 - (b) Section B. (Contributions from Individuals over \$30)
 - (c) Section C. (Contributions from Other Committees)
 - (d) Section K. (Fundraising Events)
 - (e) Sections C & K.
 - (f) Sections A & K.

- II. May Golfer's Warehouse, a business entity, purchase a \$250 ad in the program booklet and donate \$99 worth of golf balls to the Committee in connection with the same event?**
- (a) Yes, may do both.
 - (b) No, may purchase ad only.
 - (c) No, donate golf balls only.
 - (d) No, a business entity can't do either.
- III. If the same individual purchased a ticket to the outing (\$30), two golf hats (\$20) and two golf shirts (\$40), where would this be reported?**
- (a) All purchases reported in Section B.
 - (b) All purchases reported in Section K.
 - (c) Ticket purchase is reported in Section K. Other purchases are reported in Section B.
 - (d) Ticket purchase in Section A. Other purchases in Section K.
- IV. Can the "Doe for Board" committee purchase a \$50 ad in the program booklet for the "Smith for Council" committee fundraising affair?**
- (a) Yes, it is not a contribution.
 - (b) Yes, if Doe and Smith belong to the same political party.
 - (c) No, it is a prohibited contribution.
 - (d) No, only ads in newspapers can be purchased by candidates.
- V. If Karen Smith purchased a \$250 ad in the program booklet (instead of the \$50 ad), where would this be reported?**
- (a) In Section K only.
 - (b) As a \$50 ad in Section K, and a \$200 contribution in Section B.
 - (c) As a \$250 contribution in Section B.
 - (d) Would not be reported, as Karen is the candidate's daughter.
- VI. Assume Karen Smith purchased a \$250 ad, could she make any additional contributions to "Smith for Council"?**
- (a) No, she has reached her contribution limit and can make no other contributions to the committee.
 - (b) No, she has no more money.
 - (c) Yes, she can make additional contributions.

Answers to Questions Concerning Fundraising Events

I. Answer (f).

Certain transactions (purchases and donations) in this example are not considered contributions under election law, and therefore must be reported in Section K only. All ticket purchases by an individual are now considered contributions (Special Session Public Act 97- 5) and are subject to the individual's contribution limit. As none of the ticket purchasers had made contributions previously, the ticket purchases should be recorded on the "Statement of Receipts and Expenditures" form in Section A. Second, it is not a contribution if an individual purchases goods from a committee at a fundraising event, provided that the cost of the goods does not exceed \$50. (See Section 9-333b(b)(9), General Statutes.) This exception applies separately to each fundraising event for which the individual purchases goods from the committee. Since none of the tee shirt and hat purchasers spent more than \$50 separately, these receipts would be entered in Section K.

Finally, a committee can publish a program book for a fundraising event, and sell ads to business entities, organizations, individuals and other committees. The purchase of an ad in such a program by a business entity is not considered a contribution if the cost is no more than \$250. The purchase of an ad in such a program by any other "person" (which includes individuals, sole proprietorships, organizations and other committees) is not a contribution if the cost is no more than \$50. (See Section 9-333b(b)(10), General Statutes.) In the example, none of the ad purchasers made a contribution. Unlike the exceptions for goods purchased from a committee, the ad purchase exception applies to cumulative payments made to a committee by the same purchaser during the entire campaign.

The ticket purchases by the individuals would be recorded in Section A, "contributions from small contributors" as no other contributions to the committee were made by those individuals, and all other purchases in the example which are not considered contributions to the committee are reported in Section K. A completed Section K is provided for instructional purposes.

II. Answer (a).

Generally, business entities (corporations and partnerships) may not make contributions to candidates or committees. (See Section 9-333o, General Statutes). However, there are two ways a business entity may donate to a committee without it being considered a "contribution." As previously mentioned, a business entity, such as Golfer's Warehouse, may purchase ads in fundraising event programs not exceeding \$250 from the same committee for the entire campaign. This is not a contribution. There is a separate exception which allows a business entity to donate goods or services for a

fundraising affair to the extent the cumulative value of the goods or services is not more than \$100. (See Section 9-333b(b)(12), General Statutes.) This exception applies on a per event basis. If the value of the golf balls and tees donated by Golfer's Warehouse had exceeded \$100, the entire amount would have been a contribution, and therefore prohibited by Section 9-333o.

III. Answer (a).

The cumulative purchase of \$60 for hats and shirts is treated as a \$60 contribution by the individual, which is reported in Section B. The ticket purchase of \$30 is also a contribution, which if there were no other contributions, would be reported in section A. However, the purchase of \$60 plus \$30 would require the \$90 to be reported in Section B. The \$90 contribution would also count towards that donor's contribution limitation of \$250 to "Smith for Council."

IV. Answer (a).

"Doe for Board" is a committee which is included in the definition of "person" in the election laws. Section 9-333b(b)(10) allows any other "person" to purchase an ad in a fundraising event program provided the cost is no more than \$50 and it is not deemed a "contribution." If "Doe for Board" purchased an ad for \$100, the entire amount would be a contribution. This would be prohibited as Section 9-333r, General Statutes, prohibits a candidate committee from making a contribution to another candidate committee.

V. Answer (c).

Since the ad is more than \$50, the entire amount of \$250 is a contribution by Karen Smith, which must be reported in Section B, together with her complete address, lobbyist status, principal occupation and name of employer. Please note that contributions made by members of the candidate's immediate family are subject to the same disclosure requirements and limitations that apply to any other individual who contributes to the candidate.

VI. Answer (a).

An individual may make contributions which in the aggregate do not exceed \$250 to a candidate committee of a candidate for election to the municipal office of council. Contributions made to eliminate a campaign deficit are counted towards this limitation. By contrast, an individual may contribute no more than \$1,000 in the aggregate to a candidate committee of a candidate for chief executive officer of a municipality, such as Mayor or First Selectman.

Committee Name: **Smith for Council**Filing Due Date: **10-14-99** Page #4**K. Fundraising Events** (Please see instructions)**(1) List each Fundraising Event with date, type of event and ticket price**

#1 8-5-99 Golf Outing \$30.00 Date Type of Event Ticket Price	#3 _____ Date Type of Event Ticket Price
#2 _____ Date Type of Event Ticket Price	#4 _____ Date Type of Event Ticket Price

(2) For each event enter the gross proceeds for each category (include only receipts **not considered contributions** (See Section 9-333b(b), C.G.S.))

#1 Ad booklet purchases\$ 1,200.00 Other Purchases not considered contributions \$ 220.00 Total Event #1 \$ 1,420.00	#3 Ad booklet purchases \$ _____ Other Purchases not considered contributions \$ _____ Total Event #3 \$ _____
#2 Ad booklet purchases\$ _____ Other Purchases not considered contributions\$ _____ Total Event #2 \$ _____	#4 Ad booklet purchases \$ _____ Other Purchases not considered contributions \$ _____ Total Event #4 \$ _____

(3) Purchase of Advertising Space in Program Booklets Not Considered Contributions

Name & Address	Amount of Ad	Event #	Name & Address	Amount of Ad	Event #
Golfer's Warehouse 2 Mulligan Lane Branford, CT Jack Nicholas, CEO	250.00	1	Doe for Selectmen 12 Divot Path Orange, CT	50.00	1
Panic Printers, Inc. 30 Copy Blvd. Hartford, CT Joe Green, CEO	250.00	1	Teamster Local #42 6 Hoffa Street New Haven, CT	50.00	1
Sport Shirts, Inc 30 Button Lane Milford, CT Ralph Lauren, CEO	250.00	1	Karen Smith 3 Pearl Street Hartford, CT	50.00	1
Danbury Hatters Corp 1 Mill Plain Rd. Danbury, CT Jane Fedora, President	250.00	1	Jones for Congress 1 American Way East Haven, CT	50.00	1
Subtotal Section K				\$1,420.00	